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SEC Bars Hawaii Broker Who Claimed CIA Ties

Securities Fraud Alleged

By Nancy L. Ross
Washington Post Staff Writer

Securities broker Ronald R. Rewald, whose Honolulu firm allegedly bilked investors out of \$20 million while claiming ties to the Central Intelligence Agency, yesterday was permanently barred from the investment business by the Securities and Exchange Commission.

Bishop, Baldwin, Rewald, Dillingham & Wong, which operated between 1977 and 1983, drew customers from the ranks of senior military officers and CIA personnel stationed in Hawaii by promising a 20 percent return on investment.

Bishop Baldwin has declared bankruptcy and the CIA connection surfaced at a bankruptcy hearing, when it was discovered that the agency paid \$2,700 in phone bills for several firms operating out of its offices. (The CIA-Bishop Baldwin link came up again this year when accused spy Richard Craig Smith, who allegedly turned over the identities of U.S. double agents to the Soviet KGB, claimed he worked for the CIA and gave the brokerage firm's telephone in Honolulu as his designated contact number.)

In a subsequent lawsuit filed against the CIA, Rewald claimed that the CIA helped finance Bishop Baldwin as a front for conducting intelligence operations on the movement of capital to and from communist countries. He said the CIA had established an operating budget of several million dollars and

that the agency used Bishop Baldwin's checking accounts.

The CIA acknowledged that it had "a slight involvement" with the Honolulu brokerage, but denied that the agency ever owned, controlled or invested in Bishop Baldwin. "The CIA was not aware of and has absolutely nothing to do with Ronald Rewald's alleged appropriation to himself of the funds of the company or its investors," a CIA lawyer said.

According to reports filed in bankruptcy court by bankruptcy trustees, Rewald spent \$250,000 on luxury cars, \$66,000 on boats, \$82,000 on jewelry and art, \$154,000 on travel, \$102,000 on relatives, \$225,000 for domestic servants, and \$541,000 on horses and polo club expenses. Sunlin L. S. Wong, president of the firm, pleaded guilty in July to mail and securities fraud. His indictment said that Bishop Baldwin invested only \$630,000 of \$21.3 million entrusted to it by clients.

In its order, the SEC charged Rewald with mail and securities fraud in connection with Bishop Baldwin's sale of more than \$17 million in unregistered securities. Among other things, the SEC said, Rewald failed to tell investors of his prior criminal record, falsified his academic credentials and the history of Bishop Baldwin, and failed to disclose the use of the funds or payment of commissions.

The SEC barred Rewald from associating with any regulated securities entity.